

**STATE OF NEW JERSEY
Board of Public Utilities
Two Gateway Center
Newark, NJ 07102**

ENERGY

IN THE MATTER OF THE PETITION OF)	ORDER ADOPTING STIPULATION
ELIZABETHTOWN GAS COMPANY TO)	AND INITIAL DECISION
REVISE ITS REMEDIATION ADJUSTMENT)	
CLAUSE FACTOR)	BPU Docket No, GR00080548
		OAL Docket No. PUC 10058-00

(SERVICE LIST ATTACHED)

BY THE BOARD:

On August 2, 2000, NUI Elizabethtown Gas Company ("the Company", "Petitioner" or "Elizabethtown") filed a petition with the Board of Public Utilities ("BPU" or "Board"), which proposed to continue its existing Remediation Adjustment Clause ("RAC") factor of \$0.0011 per therm, including all applicable taxes, for the period October 1, 2000 through September 30, 2001. The Company's proposed RAC factor was designed to enable Elizabethtown to recover \$564,336 of costs incurred associated with the remediation its former Manufactured Gas Plant ("MGP") sites, during the recovery year ended September 30, 2001. The Company's filing further reflected that Elizabethtown incurred \$477,401 of net deferred remediation costs during the twelve-month period ended June 2000. The proposed RAC factor was designed to permit the Company to recover a portion of these net deferred remediation costs, as well as those associated with prior periods that have previously been examined and approved by the Board

On December 8, 2000, the matter was transmitted to the Office of Administrative Law for hearing as a contested case, and assigned to Administrative Law Judge William Gural.

The Parties in this proceeding are the Company, the Division of the Ratepayer Advocate ("Advocate"), and the Board's Staff ("Staff"), collectively ("the Parties"). Petitioner has responded to discovery that was propounded by the Advocate and Staff.

The Parties have engaged in discovery and settlement conferences. As a result of these discussions, the Parties have reached agreement on all remaining issues and entered into a stipulation on November 30, 2001.

The Stipulation provides for recovery, over a seven year amortization period beginning October 1, 2000, of Petitioner's MGP costs incurred during the twelve months ended June 30, 2000,

through Petitioner's Board approved RAC mechanism. The salient features of the stipulation are as follows:

- 1a. The Company's net remediation costs for the twelve months ended June 30, 2001, were \$477,401 (This amount was calculated as follows: Remediation expenditures for the 12 month period ended June 30, 2001, totaled \$609,476 less \$2,075 in third party recoveries and base rate recovery of \$130,000).
- 1b. The Company's projected recovery, at the current RAC factor, for the period October 1, 2000 through September 30, 2001 is \$564,356.
2. The Company asserts that disclosure of information related to on-going litigation with insurance carriers concerning reimbursement of MGP remediation expenditures might compromise its efforts to obtain recoveries.

The parties reserve their rights to review and contest past and present litigation-related expenditures. These expenditures shall remain subject to review and challenge in a future proceeding in which full information concerning such expenditures will be disclosed.

3. ELIZABETHTOWN shares the cost of remediating the Newton and Flemington MGP sites with GPU Energy ("GPU"). GPU is responsible for completing the site remediation. GPU charges ELIZABETHTOWN for 40 % of the expenses incurred. ELIZABETHTOWN independently evaluates expenses submitted by GPU and challenges expenses determined to be unrelated to the sites MGP remediation. To the extent that ELIZABETHTOWN receives future refunds of costs associated with the Newton and Flemington sites from GPU, ELIZABETHTOWN will pass through such refunds to its customers through the RAC. The Advocate retains its rights to challenge the RAC filings made by GPU, and
4. The Company's RAC costs remain subject to audit by the Board. The Stipulation does not preclude nor prohibit the Board from pursuing future action as a result of such audit.

The settlement results in no increase in the bill of a typical residential gas customer.

The ALJ reviewed the record and the settlement and issued his Initial Decision on December 13, 2001. The ALJ found that: 1) the parties have voluntarily agreed to the settlement, and 2) the settlement fully disposes of all issues in controversy and is consistent with the law.

Discussion and Findings

The Board has reviewed the Stipulation of the Parties and the Initial Decision in this matter and finds them to be reasonable and in the public interest as they will permit Petitioner to recover ongoing remediation costs. The Board, however, emphasizes that in approving the Stipulation, the Board is not waiving its right to review any information related to ongoing litigation with insurance carriers regarding reimbursement of all or some of these costs. The Board further emphasizes that all parties will have an opportunity, in future proceedings, to review and contest issues related to the Company's litigation with insurance carriers, including the reasonableness of past and present litigation, and that such expenses shall remain subject to refund with

interest. Accordingly, the Board HEREBY ADOPTS the attached stipulation in its entirety and incorporates its terms and conditions as though set forth herein.

The Company's RAC costs shall remain subject to audit by the Board. This Decision and Order Shall not preclude nor prohibit the Board from taking any such actions deemed to be appropriate as a result of such audit.

DATED: MARCH 7, 2002

BOARD OF PUBLIC UTILITIES

BY:

(SIGNED)

JEANNE M. FOX
PRESIDENT

(SIGNED)
FREDERICK F. BUTLER
COMMISSIONER

(SIGNED)
CAROL J. MURPHY
COMMISSIONER

(SIGNED)
CONNIE O. HUGHES
COMMISSIONER

ATTEST:

(SIGNED)
HENRY M. OGDEN
ACTING SECRETARY